

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

**PROP K
INDEPENDENT ANALYSIS & OVERSIGHT**

JULY 24, 2018

Presented by:
Lien Luu

SCOPE & OBJECTIVES

3 Focus Areas “Big Questions”

1. **Program Delivery:** How effective is the Prop K capital program in terms of program and project delivery status, leveraging of funds, and ability to meet sponsors funding/cash needs? Is SFCTA delivering the program as promised?
2. **Budgeting:** How effective is the analysis and communication of the annual budget process in terms of budget to actual comparisons, use of staff versus consultants, and approvals of the budget?
3. **Sponsor Reimbursements:** How effective and efficient is the Prop K sponsor reimbursement process related to grant invoice reviews, payment remittance periods, and grant life cycles?

SCOPE & OBJECTIVES

■ **Peer Comparison Agencies**

- ✓ Administrator of 1/2 Cent Sales Tax Measure passed around 2003, 2004
- ✓ Regional Transportation Planning Agency
- ✓ Congestion Management Agency***

	Sales Tax Term	Program Size	# of Staff
SFCTA	30 Years ¹	\$2.8 B ¹	44 ²
Orange County Transportation Agency (OCTA)*	30 Years	\$15.5 B	372
Pima Association of Governments (PAG)**	20 Years	\$2 B	63
San Diego Association of Governments (SANDAG)**	40 Years	\$14 B	225

Source: ¹ 2003 Expenditure Plan. ² FY18/19 Budget.
 *OCTA is also a transit operator (like SFMTA).
 ** PAG (Tucson, AZ) and SANDAG are also Metropolitan Planning Organizations (like MTC).
 ***SFCTA, OCTA, SANDAG.

PROGRAM DELIVERY - OVERVIEW

Big Question: How effective is the Prop K capital program in terms of program and project delivery status, leveraging of funds, and ability to meet sponsors funding/cash needs? Is SFCTA delivering the program as promised?

- ❖ Program Delivery Status
- ❖ Leveraging Prop K

PROGRAM DELIVERY – OVERALL STATUS



✓ SFCTA and its partner agencies are delivering the program as promised if measuring progress in terms of sales tax dollars allocated 14 years into the 30-year program.

*Grants awarded, including subprojects, range from \$915 for safe routes to school initiatives to \$69 million for replacing SFMTA's radio communications system.

PROGRAM DELIVERY

MAJOR CAPITAL PROJECTS STATUS

✓ 77% of Current Prop K Commitment has been Reimbursed

✓ 2 Projects Open

✓ 3 Projects Near Completion

✓ 1 Project in Design

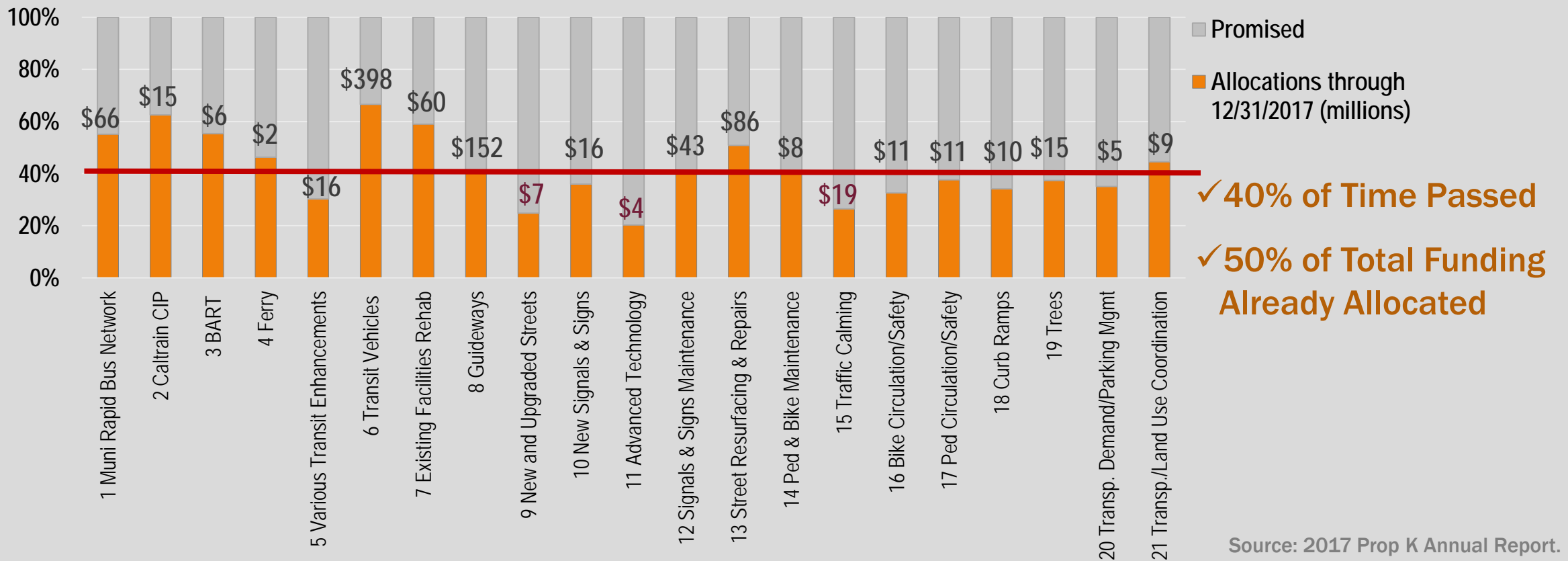
	Total 30-Year Budget 2003\$ ¹	Current Prop K Amount YOES ²	Prop K Reimbursed 12/31/17 YOES ³	Open to Public
Third Street Light Rail ⁴	\$100 M	\$97 M	\$91 M	2007
Central Subway ⁴	\$647 M	\$126 M	\$125 M	2019 ⁵
Transbay Terminal & Downtown Extension	\$1,885 M	\$285 M	\$185 M	2018 ⁶ TBD
Caltrain Electrification	\$183 M	\$25 M	\$15 M	2022 ⁷
Presidio Parkway	\$420 M	\$95 M	\$66 M	2015
Totals	\$3,235 M	\$628 M	\$482 M	

Source: ¹ 2003 Expenditure Plan. ² 2019 Prop K Strategic Plan Baseline. ³ 2017 Annual Report. ⁴ Prop B Grandfathered Projects. ⁵ March 2018 Monthly Progress Report to the Federal Transit Administration. ⁶ TJPA Website. ⁷ Caltrain Modernization Program Website (calmod.org)

PROGRAM DELIVERY

21 PROGRAMMATIC CATEGORIES STATUS

■ \$958M allocated across 21 Programmatic Categories



Source: 2017 Prop K Annual Report.
2019 Prop K Strategic Plan Baseline.

PROGRAM DELIVERY - LEVERAGING PROP K

■ 30-Year Leveraging Goal



Every \$1 in Prop K will be matched with \$3.4 in other funds.¹

✓ As of 2017, every \$1 in Prop K secured \$4 to \$7 in other funds.²

Source: ¹ 2003 Prop K Expenditure Plan. ² 2017 Annual Report. Unaudited.

PROGRAM DELIVERY - LEVERAGING PROP K

■ Leveraging at the Project Level - Examples

Expenditure Plan Item	Example	Leverage Ratio
17	SFMTA Purchase of 56 Hybrid Buses	1 to 2.2
24	Presidio Parkway	1 to 13.7
34	SFPW Street Resurfacing Program (various locations throughout City)	Prop K paid for entire Project
44	Folsom Street Streetscape Improvements	1 to 3.9

Source: Project Grant Agreements and Close-Out Reports. Unaudited.

CONCLUSIONS & CONSIDERATIONS

PROGRAM DELIVERY

- ✓ SFCTA and its partner agencies are delivering the program as promised if measuring progress in terms of sales tax dollars allocated 14 years into the 30-year program with \$1.6 billion, or 57% of the \$2.8 billion allocated through March 2018.
- ✓ 5 of 6 major capital projects have been completed or are nearing completion.
- ✓ Prop K leveraging goal of 1 to 3.4 has been met with every \$1 in Prop K securing \$4 to \$7 in federal, state, and other local funds as of December 31, 2017.

CONCLUSIONS & CONSIDERATIONS

PROGRAM DELIVERY

■ Status Communication to the Public

■ Annual Report:

- Include 1-2 page table reconciling 2003 voter-approved projects to current status.
- Improve QC Process.

■ Website:

- Provide Prop K Homepage “Dashboard” showing status of projects.
- Move Existing MyStreetSF Interactive Project Map to Prop K Main Page and update linked project sites and fact sheets as major milestones are completed, or schedules change.

FY 2007-16 RTA PROJECTS COMPLETED	
PLAN ELEMENT	
ROADWAY	
Total Roadway	26
SAFETY	
Intersection	171
Elderly & Pedestrian	142
Bus Pullouts	109
Railroad Bridge	11
Signal Technology	72
Total Safety	505
ENVIRONMENTAL & ECONOMIC VITALITY	
Greenways, Bikeways, Pathways & Sidewalks	140
Transportation-related Critical Wildlife Linkages	14
Total Environmental & Economic Vitality	154

TRANSIT	
Weekday Evening	21*
Weekday Service	23
Bus Frequency & Overcrowding Relief	9**
Park 'n Ride Transit Centers	7***
Neighborhood Circulator	12****
High Capacity Streetcar	1
Express Service	7
Special Needs	3
Maintenance Storage Facilities	3
Total Transit	86
Grand Total	771

* 21 routes received weekday evening service, fully implementing this service expansion
 ** 9 routes received overcrowding relief or expansion
 *** Includes completed temporary lots
 **** Includes services absorbed from Pima County Rural Transit

Source: Pima Association of Governments 2016 Annual Report.

BUDGETING - OVERVIEW

Big Question: How effective is the analysis and communication of the annual budget process in terms of budget to actual comparisons, use of staff versus consultants, and approvals of the budget?

- ❖ Budget Comparisons
- ❖ In-House vs. Consultant Staff

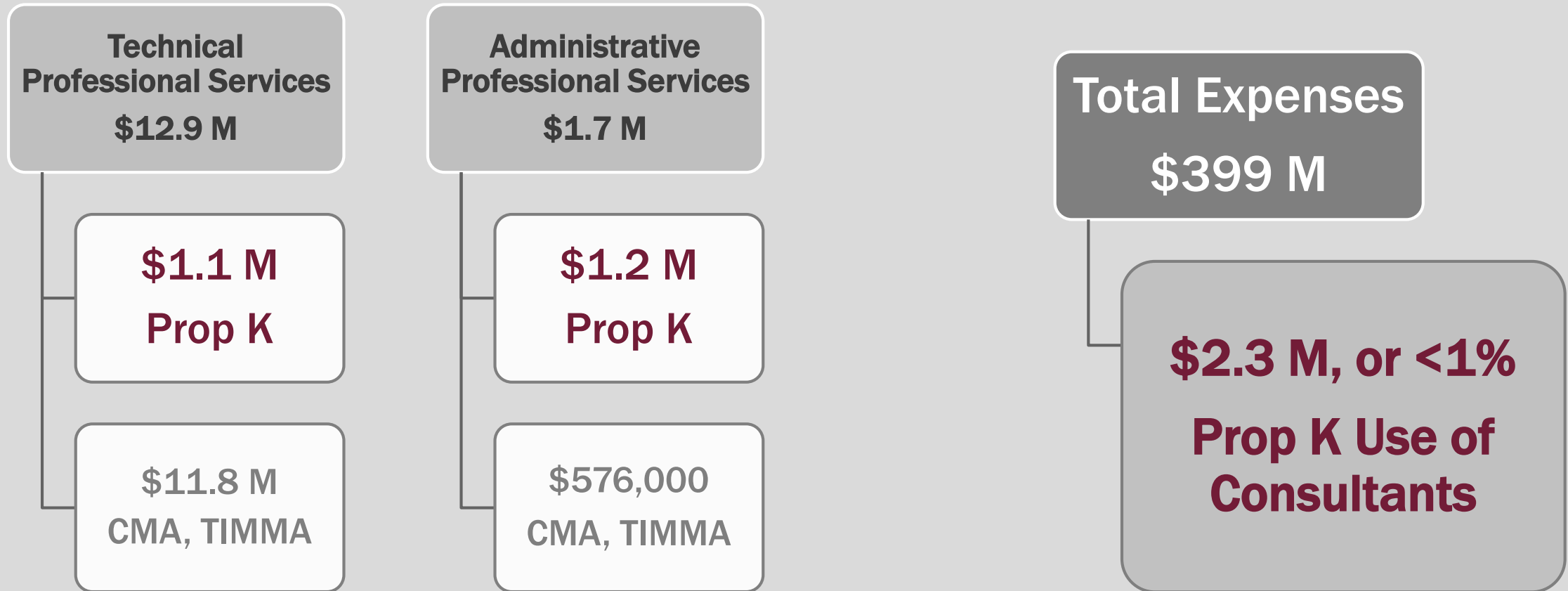
BUDGETING – PEER COMPARISONS

■ Annual Budget

	SFCTA	PAG	SANDAG	OCTA
Length	13-page Resolution, OWP*, Budget	88-page OWP*; 4-page Budget; 5-page Resolution	495-page Budget & CIP	200-page Budget and 164-page CIP
Sales Tax Program	•Summary Paragraphs	•Separate Annual Report	•Separate Chapter	
Capital Budget		•All Programs and Projects Listed (Reconciled to Ballot)	•Separate Chapter •All Programs and Projects Listed	
Detailed Work Element Description		•None	•Expenses •Funding Sources •Justification	
Personnel & Organization		•Org Chart •Staff Allocations	•Org Chart •Personnel Expenses	

*OWP = Overall Work Program

BUDGETING – IN-HOUSE VS. CONSULTANTS



Source: FY17/18 Final Amended Budget. Figures do not total due to rounding.

BUDGETING – IN-HOUSE VS. CONSULTANTS

✓ SFCTA Structure is similar to peer transportation planning agencies.

■ SFCTA Differences:

- Principal Engineer position is currently vacant.
- IT Technical Support and General Counsel is outsourced.

	In-House	Outsourced
Program Management	✓	✓
Design	✓	✓
Construction		✓
Construction Management	✓	✓
Marketing		✓
Public Information	✓	
Legal	✓	
IT	✓	

CONCLUSIONS & CONSIDERATIONS

BUDGETING

- ✓ SFCTA's annual budget has typical budget information but is less detailed than others.
 - No change warranted unless Board wishes more discussion or description on specific budget line items.
- ✓ Technical professional services outsourced are typical for industry but differences exist with administrative professional services. For example, IT technical support and general counsel resources are kept in-house at most peer transportation agencies.
 - Evaluate costs and benefits of bringing IT and general counsel in-house as well as hiring for the principal engineer position that has been vacant.

CONCLUSIONS & CONSIDERATIONS

BUDGETING

- ✓ **Communications of available Prop K budgeting information to sponsor finance staff could be improved.**
 - **Hold at least semi-annual roundtables with sponsor finance staff to discuss 5YPPs and Strategic Plan updates, as well as communicate Prop K short-term funding availability and needs for upcoming and shovel-ready projects.**
- ✓ **Revising policy-level grant amendment may expedite grant amendment processes.**
 - **Consider establishing a minimum Board approval threshold for policy-level grant budget amendments involving funding increases and delegate any amendments below that threshold to the Executive Director (e.g. \$50,000 or 5% of grant amount).**

SPONSOR REIMBURSEMENTS - OVERVIEW

Big Question: How effective and efficient is the Prop K sponsor reimbursement process related to grant invoice reviews, payment remittance periods, and grant life cycles?

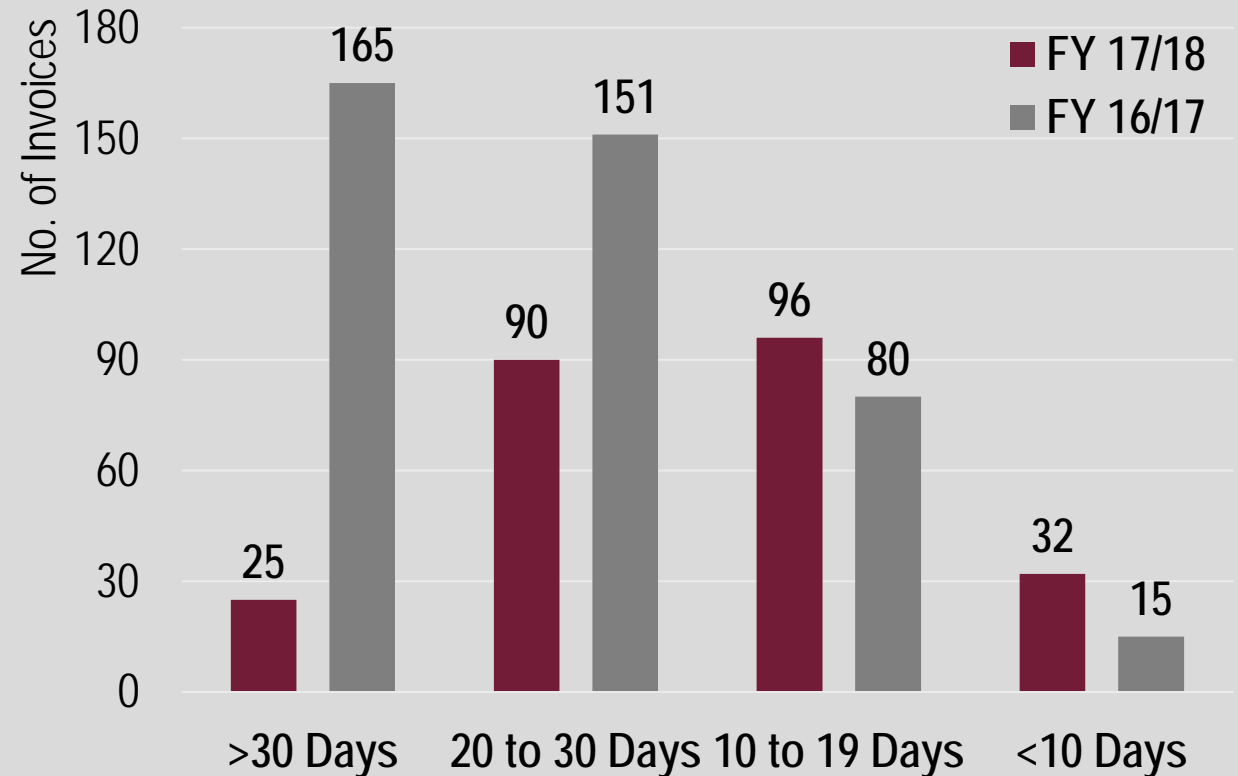
❖ **Reimbursement Review, Approval, Processing Timeliness**

SPONSOR REIMBURSEMENTS - TIMELINESS

- SFCTA Goal: 30-Day Turnaround**

FY 17/18*	FY 16/17
243 Invoices	411 Invoices
Average 21 Days**	Average 31 Days
Range 4 to 147 Days	Range 3 to 142 Days
9% over 30 Days**	40% over 30 Days

✓ **Goal was met but could be improved.**



* Payments through 5/11/18 only. ** Average excludes payments to City sponsors that were delayed due to challenges with the City's transition to a new financial system in July 2017. This change resulted in a hold-up of processing payments until 12/29/17.

CONCLUSIONS & CONSIDERATIONS

SPONSOR REIMBURSEMENTS

- ✓ SFCTA's average processing time improved from 31 days in FY16/17 to 21 days in FY17/18 but there were still 25 payments (9%) that took longer than 30-working days to process.
 - Assess feasibility to reduce processing time:
 - Conduct time study to identify actual processing time, workload, and staffing needs.
 - Establish intervals for staff to follow-up with sponsors.
 - Create reimbursement approval authorization matrix with set thresholds (e.g. Executive Director Approval Required if >\$25,000).
 - Execute service level agreements with sponsors:
 - Define roles and responsibilities for all parties involved.
 - Clarify and set expectations for reimbursement requests (e.g. responsiveness, level of detail, rejections).

Questions?